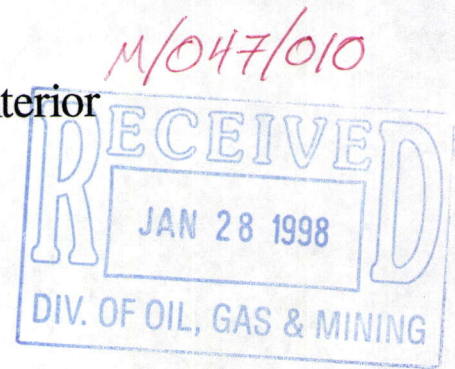




United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155



IN REPLY REFER TO
3590
UTU-073071
(UT-930)

JAN 26 1998

CERTIFIED MAIL--Return Receipt Requested

Mr. Neldon Kunz
American Gilsonite Company
Bonanza, Utah 84008

Re: Modification to Mine Plan Approval,
Federal Gilsonite Lease UTU-073071

Dear Mr. Kunz:

MODIFICATION TO MINE PLAN APPROVAL

Background - The Bureau of Land Management (BLM), Utah State Office, received your modification to your mine plan on September 23, 1997.

Approval - The mining plan is approved to mine the HT grade Gilsonite. Approval is also granted to mine the surface pillar. Reclamation will be completed by blasting the slot closed in accordance with the approved mining plan. The following stipulations and notice(s) will apply to this approval:

Stipulations -

1. **As-Built maps:** The Lessee will submit to the Deputy State Director, Natural Resources, Utah State Office, BLM at the above address, a scaled map showing the construction and the survey coordinates (State Plane or metes and bounds description) of each of the mine features, buildings, and vein, within 90 days after construction is complete. The surveyor that conducts the survey will be licensed and shall stamp the drawing. Land features will be shown on the drawing. These will include but are not limited to section corners, roads, and section lines. An updated map will be sent to BLM within 90 days after construction is completed on any new sites.

2. **Quarterly Maps:** The Lessee will submit maps quarterly to the Utah State Office of the BLM showing the amount of material removed in the previous quarter. These will be submitted on January 15, April 15, July 15, and October 15. The maps will be scaled and show the depth of cut and the thickness of the vein at intervals that can be used to verify production. These maps shall be certified by a registered engineer, land surveyor, or an official of the company.

4. **Scaled Maps:** On January 15 of each year, the Lessee will submit a one-year mine plan to the Utah State Office of the BLM showing the proposed mining sequences for the coming year on a scaled map. The one-year plan will describe the extraction sequence and the projected tonnages for that year.

5. **Boundary Markers:** The Lessee will mark the corners of the boundary of the lease with metal fencing posts and metal painted signs at each corner of the lease. The signs will show, as a minimum, the legal subdivision and the Federal gilsonite lease number. These signs will be located by survey. A scaled copy of this survey (map) will be sent to BLM 180 days after the date of this approval.

6. **Archeological Findings:** The operator is responsible for informing all persons who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the Authorized Officer (AO) and the Vernal District Manager (VDM). Within 5 working days the VDM will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in-situ preservation is not necessary);
- a time frame for the VDM to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the VDM are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or, the delays associated with the process, the VDM will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The VDM will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the VDM that the required mitigation has been completed, the operator will then be allowed to resume construction.

7. **Escapeway Security:** All escapeways that penetrate the surface shall be fenced with chain link fencing that shall be a minimum of 6 feet high. All enclosures shall have gates with locks to provide first line of security. Sufficient area inside the fenced area shall be maintained for ingress and egress. The gates shall be locked when the mine is not in operation.

8. **Reclamation:** All reclamation shall be in accordance with the reclamation plan. If there is conflict between the plan and the stipulations, the stipulations will prevail.

Concrete Seals: Final designs shall be submitted and reviewed by BLM prior to seal construction. The final concrete seal over openings that penetrate the surface must conform to the following. The collar and other structures shall be removed.

Bed Rock - If the seal is to be in an exposed rock out crop, the top of the seal shall be constructed as to conform with the contour of the out crop and shall be no higher than the adjacent rock. The color of the concrete shall be of such a color as to blend in the surrounding rock out crop. The bottom of the seal shall sit on bed rock.

Soil Area - If the seal is to be in an area where soil will cover the shaft seal, the top of the seal shall be placed in bed rock with a minimum of 2 feet below the top of the reclaimed soil.

Other: Upon abandonment, all equipment shall be removed and all contours shall approximate the original contour except for the main road which shall be left in place. All waste rock shall be dumped into the shaft or contoured if there is sufficient top soil to cover the rock. All materials in retention ponds shall be removed. The stockpiled topsoil shall be spread and a seeding plan shall be submitted and approved by the AO prior to finalizing the reclamation. All materials left in the mine shall be reported to the AO prior to removal of the shaft access via the hoist and bucket.

9. **Ground Water.** Should groundwater be encountered of greater than 5 gallons per hour in the subsurface during the mining of Gilsonite, Ziegler shall contact the Mining Engineer at the Utah State Office (801 539-4036) and the Vernal District Office, Hydrologist or Geologist (801-781-4400) within 24 hours of the groundwater flow and report on the following:

1. True vertical encountered depth.
2. Subsurface location at which it was encountered.
3. The approximate flow rate into the mine.
4. Association of flow with any major geologic feature such as a fault or fracture surface.

Based upon this information, the AO will determine if the Lessee will be required to monitor the effect of the flow into the mine on any nearby wildlife, or stock wells. If such wells are affected, the AO may require the Lessee to supply replacement water to the affected stock or wildlife ponds.

All groundwater flows shall be sampled and analyzed for major cations, anions, total dissolved solids, pH, and total suspended solids. Besides these analyses the lessee shall follow the rules and regulations of the State of Utah pertaining to the sampling parameters for pollutants and surface effluent discharges from the proposed Gilsonite mine (Utah Administrative Code, August 4, 1995, R317-1.2: General Requirements: R317-8.3: Application Requirements (for a UPDES Permit: R317-6-2:Ground Water Quality Standards). Results from these analyses and sampling parameters for pollutants as required by the State of Utah shall be provided to the Vernal District Office, Hydrologist (170 South, 500 East, Vernal, Utah, 84078) and the Utah State Office, Mining

Engineer (USO, P.O. Box 45155, Salt Lake City, UT 84145-0155) within 30 working-days of encountering the water.

10. **Stipulation waiver.** Any of these stipulations may be waived by the AO if either the resource values change or the lessee/operator demonstrates to the satisfaction of the AO that adverse impacts can be mitigated.

11. **Surface Pillar:** The surface pillar may be removed. Upon completion of the mining the void left from mining will be blasted shut. The blasting plan must be submitted to the BLM, State Office at least 120 days prior to the start of this work. Any large boulders remaining from the blasting that are left on the surface must be removed from the site.

Notice(s)-

Exploration: Prior to the drilling of surface exploratory holes, the lessee/operator shall submit to the AO for approval the location, depth and abandonment procedures.

Bond: BLM has reviewed the bond that is on file by American Gilsonite. BLM finds the bond to be adequate at this time. BLM will do a comprehensive bond review at a later date and may adjust the bond amount at any time.

Appeal Rights: You have 30 days to appeal this approval to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 43 CFR Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office within 30 days following the date of this approval. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

For further information, contact Mr. Stan Perkes, (801) 539-4036.

Sincerely,

/s/ Douglas M. Koza

Douglas M. Koza
Deputy State Director
Natural Resources

Enclosure
Form 1842-1

bcc: DM, Vernal

Utah Division of Oil, Gas, and Mining (Attn. Tony Gallegos)

Files - UTU-72699

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